

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2385 – SB 2247

April 27, 2012

SUMMARY OF AMENDMENT (016893): Deletes all language after the enacting clause. Redefines the membership of the Tennessee Regulatory Authority (TRA) to consist of three full-time commissioners, instead of four full-time directors. The Governor, the Speaker of the Senate, and the Speaker of the House will each appoint one commissioner. The commissioners will serve six-year terms and will appoint a chair. Creates an executive director position to be appointed by joint agreement among the Governor, the Speaker of the Senate, and the Speaker of the House of Representatives for the initial three-year term and establishes the minimum qualifications for the executive director. The directors will appoint the executive director each subsequent term. Defines the executive director's responsibilities. The commissioners shall set the compensation of the executive director.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Expenditures – Net Impact –
\$347,100/Tennessee Regulatory Authority

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Decrease State Expenditures – Net Impact - \$400/Tennessee Regulatory Authority

Assumptions applied to amendment:

- According to TRA, the salary for each director is \$152,400 and benefits are estimated at 22.5 percent for a total of \$34,290 ($\$152,400 \times 22.5\%$). The decrease in state expenditures for abolishing the one full-time director position is \$186,690 ($\$152,400 + \$34,290$).
- According to TRA, the current directors receive a state vehicle at a cost of \$9,800 per vehicle lease. There will be a decrease in expenditures of \$9,800 for one less state vehicle lease.
- The total recurring decrease in state expenditures for reducing the number of directors will be \$196,490 ($\$186,690 + \$9,800$).
- There will be a newly created executive director position that will be paid a yearly salary of \$152,400. Benefits are estimated to be \$28,789 [$(\$152,400 \times 15.03\%) + \$5,883$ insurance]. Additional expenses related to the position are estimated to be \$14,900.

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(\$11,400 travel + \$3,500 communications, supplies, and printing and duplication services).

- The recurring increase in state expenditures due to the addition of an executive director position will be \$196,089 (\$152,400 salary + \$28,789 benefits + \$14,900 other).
- The net impact of the bill as amended is a recurring decrease in state expenditures of \$401 (\$196,490 - \$196,089).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read 'Lucian D. Geise', written in a cursive style.

Lucian D. Geise, Executive Director

/kml